



## **Auditory Implants and Arizona Medicaid**

### **Arizona Legislation Impacting Access to Hearing Implants**

- On October 1, 2010, Arizona's Medicaid Agency (AHCCCS) discontinued coverage of a number of adult benefits that are considered optional services under federal law. Auditory implants—both cochlear implantation and auditory osseointegrated devices (or Baha) were both eliminated as covered services for individuals age 21 and older.
- Native Americans who have health insurance through Indian Health Services (IHS) are also impacted by this change which now excludes coverage for auditory implants being provided to adults through IHS.
- Medicaid recipients who received cochlear implants prior to the coverage change are still covered for related audiology services, parts and equipment, and repairs under Medicaid.

### **Background on Auditory Implants**

- Cochlear implantation is an implantable medical device for appropriate children and adults with sensorineural hearing loss (sometimes called "nerve deafness"). A cochlear implant provides access to spoken language and other sounds when the hearing loss is too severe for someone to sufficiently benefit from hearing aids. Approximately 70,000 Americans\* have cochlear implants.
- Auditory osseointegrated devices, also known as the Baha™ System, are an auditory intervention for people who have conductive or mixed hearing loss or single- sided deafness, and do not benefit from hearing aids.
- Cochlear implantation is covered by Medicare, Medicaid, and over 90% of private commercial health insurance plans. Auditory osseointegrated devices are covered by Medicare, Medicaid, and most private commercial health insurance plans.
- Native Americans are at higher risk than the general population for onset of single- sided deafness as a side effect of diabetes, a prevalent health condition among this population. Having diabetes and single-sided deafness is extremely debilitating for individuals who are seeking to work and live independently. There are approximately 58 Native American patients who have been identified as candidates for auditory osseointegrated implants who are on hold because of the recent change in Medicaid coverage.

---

\* iData Research 2010 Report: US Market for Hearing Aids and Audiology Devices.

- There are approximately 9 adult patients with Medicaid coverage (as of 1/12/2011) who are currently on hold for a cochlear implant because of the coverage change.
- Untreated and significant hearing loss in adults is associated with higher rates of unemployment as well as under-employment. A recent study by Sergei Kochkin found that hearing loss reduced average household income by up to \$23,000 per year (depending upon the type of hearing loss). Use of appropriate technology, however, mitigated the effects of hearing loss on employment by 50%. A reduction in workplace potential negatively affects society because of reduced productivity and lower tax revenues.\*\*
- Providing an individual with improved hearing via an auditory implant may allow them to obtain a job and eliminate their dependence on Medicaid. There are a number of instances in which adults received cochlear implants under AZ Medicaid, subsequently became employed with their restored hearing, and no longer need Medicaid or Social Security support. In the longer term, this saves the state and the federal government considerable revenue. It also allows the individual and his or her family to enjoy an improved quality of life.
- Last year, approximately 18 adults state-wide received cochlear implants that were funded by Arizona Medicaid. This is higher than a typical year as many eligible adults were implanted in the final days before their eligibility ended under the revised coverage policy.
- Hospitals are currently reimbursed for the cochlear implant device and related service at \$28,453 (Outpatient) and \$16,543 (ASC) by AZ Medicaid. Hospitals are reimbursed for auditory osseointegrated devices (Baha) at \$6,254 (Outpatient) and \$1,198 (ASC).
- The estimated annual dollar burden for continuing Medicaid coverage for low-income adults who need this intervention to obtain jobs and support themselves in the activities of daily living is \$400,000 to \$450,000 for cochlear implants and approximately \$65,000 for auditory osseointegrated devices (with the majority of the latter recipients being Native Americans). The state portion of this cost is one-third of the total cost or between \$132,000 to \$148,500 for cochlear implantation and \$21,000 for auditory osseointegrated devices. As many working age implant recipients no longer require Medicaid assistance with their restored hearing, the burden on the state is lessened considerably. There may even be a cost savings when viewed over time.
- Ironically, an appropriate adult candidate who is no longer of working age may receive a cochlear implant or Baha at age 65 under Medicare but they may not receive an intervention that may help them obtain a job when they are too young to be covered by Medicare.

Sherri Collins, Executive Director  
Arizona Commission for the Deaf and the Hard of Hearing  
1400 W. Washington St., Room 126, Phoenix, AZ 85007  
602.542.3383  
[www.acdhh.org](http://www.acdhh.org)

---

\*\* Kochkin S. Marke Trak VIII: The efficacy of hearing aids in achieving compensation equity in the workplace. *The Hearing Journal*, October 2010, p 19-24, 26, 28

---

602-364-0990 TTY \* 602-542-3323 V/VP \* 800-352-8161 V/TTY \* 602-542-3380 FAX \* [info@acdhh.az.gov](mailto:info@acdhh.az.gov)

---

The mission of the Arizona Commission for the Deaf and the Hard of Hearing is to ensure, in partnership with the public and private sectors, accessibility for the deaf and the hard of hearing to improve their quality of life.